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CONTEMPORARY EGYPT.

BY THE HON. FREDERIC C. PENFIELD, U. S. DIPLOMATIC AGENT
AND CONSUL-GENERAL TO EGYPT.

THE ending of two lives that had run in channels strangely similar redoubles interest over that country ever paramount in anomalous conditions—Egypt. Vocabularies of praise and censure have been well nigh exhausted on Ismaïl Pasha and De Lesseps, whose recent deaths were chronicled simply as items of news rather than events; but the nineteenth century is indebted to them for a work of incalculable value to the whole world, Egypt alone excepted.

Egypt reaps no benefit from the international waterway crossing its domain, uniting the Orient with the Occident; in fact, the Suez Canal, which has played a mighty political part, made and unmade khedives, and which, by strange fatality, passed from the control of the nation that built it to that of the country that strenuously fought its construction, is responsible for the modern bondage of the Egyptian people.

Prior to the giving of the canal concession, Egypt had no debt. Her credit was first pledged in Europe by Viceroy Said, who, to add lustre to his name, headed the subscriptions to the capital of the enterprise with \$17,000,000, although the undertaking was to cost Egypt nothing, and from which for ninety-nine years she was to receive fifteen per cent. of the gross receipts. This laid the corner-stone of the new house of bondage.

Ismaïl succeeding to the throne, lent himself readily to the seductive project, learning how easy it was to borrow money by affixing his signature to an innocent-looking paper thoughtfully prepared in Europe. His first transaction was a matter of \$30,000,000, and thenceforth there was frequent exchange between

His Highness and Paris and London of these innocent-looking papers, for gold.

There were many investors in the scheme, but it seemed as if Egypt alone fed the insatiable monster with money. Native workmen digging the ditch, received no pay. It was forced labor. But the French Emperor awarded the French company an enormous sum for Ismail's breach of contract, when he sent the fellaheen back to their fields, such of them as survived fevers and starvation. Egypt paid, of course.

The colossal work completed, Ismail's magnificent extravagance devised a celebration of fitting splendor, from his Oriental standpoint. The opening of the canal in 1869 outranked in gorgeousness anything described in the Arabian Nights. Royalties and notables, from Europe, were treated to a *fête* in Cairo transcending the wildest dreams of Haroun-al-Raschid, lasting a month, over which the Merry Monarch spent \$21,000,000 of the people's money.

History reveals nothing equal to Ismail's carnival of extravagance. In thirteen years he added to Egypt's exterior burden \$430,000,000, and increased the taxation of his subjects more than fifty per cent.

A day of reckoning came, however, when engagements could not be met, for Egypt was hypothecated to its fullest value, and the usurers of Europe made such outcry that Ismail was forced by the Sultan to surrender his throne and go into exile. Forseeing the crash, he had sold to the British Government his own shares for \$20,000,000, on which the Egyptian treasury for twenty years faithfully paid five per cent. interest. This purchase illustrated Disraeli's shrewdness, for by prompt action he prevented the shares from going to France. They are to-day worth more than four times what they cost, and secure to England the voting control. The promised fifteen per cent. of tolls had also been sacrificed by Ismail, as security on which to borrow the last few millions necessary to complete the canal.

The dethroned Khedive's bequest to his country was a debt of \$450,000,000, not two-thirds of which sum ever left the hands of the bankers' agents and negotiators. The principal work over which it was spent was the canal, not to belong to Egypt until 1968. Docks at Alexandria and Suez, and a few hundred miles of railways and telegraphs, costing perhaps ten per cent. of the

sum borrowed, represented the benefits to his nation. Steam vessels of useless pattern, stucco palaces, gilded coaches and operatic scores and costumes, formed meagre assets.

In Tewfik's reign there were many evidences of financial disintegration, such as obdurate creditors, commissions of liquidation, an Anglo-French financial control, and the like. The burden of the fellaheen was almost unbearable. The cry of "Egypt for the Egyptians" meant much, and the Arabi rebellion, a direct outcome of the people's condition, menaced the authority of the Khedive, until stifled by an English fleet and soldiers in 1882. France, it is asserted, did not deem it necessary to bombard the Alexandrian forts held by the rebels, and, declining to share the responsibilities of such an act, her fleet steamed away from the Egypt in which Frenchmen had held sway from the coming of Napoleon in 1798.

Military and civil "occupation" by the British followed, its object being to restore the authority of the Khedive and repair the fortunes of the land by administrative reform. Consequently the year 1882 becomes the epoch from which dates everything current in discussing Egyptian affairs. The indebtedness when the reform policy was instituted reached nearly \$475,000,000, bearing six or seven per cent. interest, speaking generally. As a class Egyptian securities ruled very low on European bourses in 1882. "Unifieds" for a time were 46½, and other designations were even less. An average quotation for several months was 50, meaning that prudent investors would give only \$237,500,000 for the Egyptian debt.

It has never been possible to determine the nationality of holders of Egyptian bonds. Interest coupons are presented in London, Paris, Berlin and Cairo, and naturally at the place where exchange is highest, or where income taxes can be escaped. It is believed, however, that English people hold more than half of them. A British financier estimates that five-eighths better represents the stake of his country-people. If so, England's share of the debt in 1882 was about \$296,875,000, worth in the market \$148,437,500.

Entanglements of every sort beset the work of regeneration entered upon by Tewfik Pasha and the foreigners electing to labor with him. For years it was a neck and neck race with bankruptcy. Indemnification of Alexandrians whose property was destroyed

by reason of the rebellion, the military disaster resulting in the loss of the Soudan, and other inevitable expenses swelled the debt by nearly \$40,000,000. The soil—the sole producing agent of the country—needed better and more extended irrigation, and a fresh loan was actually negotiated in Europe to make useful the Nile barrage, at the apex of the Delta, regulating the supply of water used by the cotton cultivators.

At last fortune turned, and hypercritical Europe was satisfied of the solvency of the country of the Nile. It is a popular fallacy that the debt has been reduced since England's co-operation began : it has been materially added to. But the character of the security—in other words, the intrinsic worth of the country—has been so improved that owners of bonds have willingly reduced the rate of interest by nearly half.

Egypt's emergence from practical bankruptcy, with its obligations quoted almost as high as English consols, reads like a romance ; and there is no better object lesson in economical progress, through administrative reform, than that presented by contemporary Egypt.

Taking the figures of the debt in 1882, with England's share estimated at \$296,875,000, and " Egyptians " now touching four per cent. premium, the appreciation is something enormous. The difference between the estimated value then and the known value to-day of England's supposed share is no less than \$149,625,000 ! Of course the advance has benefited all bondholders proportionately—French, German, Italian, Austrian and Russian, as well as English.

The amount and details of the debt at the present time are as follows :

Guaranteed loan,	3	per cent. (quoted 6½ premium)	\$42,442,866
Privileged debt,	3½	per cent. (quoted 1¼ premium)	142,854,798
Unifed debt,	4	per cent. (quoted 4¾ premium)	272,037,625
Domain loan,	4½	per cent. (quoted 7 premium)	19,418,421
Daira Sanieh loan,	4	per cent. (quoted 2½ premium)	32,191,589
Total bonded debt.....			\$508,945,299

This debt, applying as it does to an agricultural population of 7,000,000 people, where manual labor is worth from fifteen to twenty cents a day, and to only about 9,000 square miles of tillable soil—an area a trifle less than New Hampshire or Vermont in extent—is almost overpowering. Frenchmen and Englishmen owe more per capita, but their resources are incomparably greater,

and their creditors are their own countrymen. The American, owing about \$15, may well pity the lot of the Egyptian, who owes \$72.70.

The Egyptian question in its popular aspect is one of administration, rather than of politics, and that the work of establishing financial equilibrium has been successful is obvious. Recuperation has been brought about by checking waste and dishonesty, and developing the soil and adding to the cultivated territory by irrigation. The abolition of slavery merits universal praise, as does the suppression of forced labor for public works, with the attendant curse of the *courbash*. The improvement in native jurisprudence has likewise been conspicuous, for native courts now have more than a semblance of justice. The reduction by half of the price of salt, and railroad and postal rates, proves the wisdom of legislating for the earning classes, by double service.

Changes of any sort are made with difficulty, because of unique conditions. The cash box guarded by representatives of six European governments, and treaty privileges existing with fourteen powers, some of which are not in harmony with the present conduct of affairs in Egypt, make progress difficult. Hence the restoration of the country to easy prosperity, at a period when shrinkage in prices of cotton, sugar and grain has been great, must be regarded as a conspicuous triumph. Khedive Abbas and his co-workers, whoever they may be, have much to accomplish still. But system and economy now established, the attainment of permanent success will not be difficult.

It is too early for speculation as to the reversionary value of the Suez Canal. Yearly more and more necessary to commercial interchange with India and the bountiful East, sceptics assert that in time it may be treated as toll roads and bridges have been the world over—thrown open to the public, and maintained by a nominal tax on vessels using it, after the manner of lighthouses. It has brought Egypt into unfortunate prominence as stragetical ground, certainly, and the prospect is not reassuring, say carpers, that the world's greatest artery of marine travel (responsible for the borrowing habit of past rulers of Egypt) will ever bring substantial benefit to the Egyptians. Some indemnification of Egypt would be demanded by public opinion, surely. Last year's tolls were about \$15,000,000, and for 1895 should be as good as \$17,000,000. In 1894 the British flag represented 71½ per cent.

of the traffic, as against $5\frac{1}{2}$ for France. The number of steamers passing through was 3,352. Next to England, Germany is the principal user of the canal.

As in other small countries, where the gulf between the masses and the upper class is wide, bureaucracy is a crying evil. It is estimated that two per cent. of the able-bodied men serve the government in some capacity. Nepotism formerly had full play, and it is difficult now to make the people understand that merit rather than favor should place one in the public service. Ministries and public offices appear to be overloaded with subordinates of every conceivable nationality. As a rule, the responsible heads of departments are Englishmen, but among the clerks more French than British subjects are found, and official correspondence is couched in French or Arabic. Salaries seem strangely out of proportion. Cabinet members are paid \$15,000 a year, and under-secretaries \$7,500—twice what Washington officials receive. Offices are open only in the forenoon, and five hours is the official day's work. In that halcyon period known as "the good old days," there were more civil servants in Egypt than in Great Britain, with five times the population. Thorough reform has yet to be accomplished, in the opinion of the economist.

The "international" aspect of Egypt is a hindrance to practical economy, say many. The Commission of the Debt, for illustration, brings to Cairo delegates of the powers which are the country's creditors. Each is paid a salary of \$10,000 by the Khedivial Government for watching the interests of his countrymen, who hold bonds quoted at a handsome premium. Having no voice in fixing the rate of interest or the amounts going to the different countries, it occurs to the reformer that a competent accountant could perform the service of these six men, with a great saving to the taxpayer. Also, the railway system of less than eleven hundred miles, is managed by three princely-paid men, acting for England, France and Egypt. Similarly, the spirit of internationalism dominates the *Daïra Sanieh*, State Domains, and other divisions of the government, and aggregates a mighty draft on the exchequer. But the customs and post office departments, each with a single head, are models of perfection.

A striking feature of railway management in Egypt is that only 43 per cent. of the receipts go for operating expenses. Native labor and moderate speed of ordinary trains make this

possible. The governmental railways last year carried 9,827,813 passengers, and receipts from all sources were \$8,870,000. By reason of sweeping reductions in fares the number of passengers has been doubled in six years. Two years hence all-rail travel will be possible from the Mediterranean to the first cataract of the Nile.

Augmentation of winter travel to the Nile is helping the lot of the Egyptian materially. Last season's pleasure and health-seekers, 7,500 in number, distributed \$5,000,000 in the country, half of which came from Americans.

The purchasing power, held to be indicative of a nation's pecuniary condition, has kept pace with other statistics. In 1882 the imports were valued at \$32,127,650; in 1890, \$40,409,635; and 1894, \$46,330,000. Exports for the same years—cotton, cotton seed, grain and sugar—were valued at \$54,977,850, \$59,373,490 and \$59,420,000 respectively. Over fifty per cent. of the foreign commerce is with Great Britain. The cotton crop, wholly exported, produces nearly \$45,000,000. Of this, the United States buys about \$3,000,000 worth annually. The tonnage at the port of Alexandria has nearly doubled since 1882. Last year the arrivals represented 2,221,145 tons. That of French ships has multiplied at a rate unequalled by any other flag.

There has been vast improvement in the *morale* of the Egyptian army, and it is now as well disciplined and efficient as when General Stone and his American associates placed it on a stable footing a quarter of a century ago. It comprises 15,000 men, but with the military police as an adjunct in emergencies, the full strength is 21,000. Soldiers are conscientiously looked after, well clothed and fed, and hygiene is considered. The commander and seventy-six other officers are "borrowed" from the British Government and paid twice the amount of their home salaries. The common soldier gets only five cents a day. In the towns the practice is general to purchase immunity from conscription, costing \$100 a man, which adds considerably to the war office funds. The British Army of Occupation, garrisoning Cairo and Alexandria, numbers 4,200 men of all grades. Its status must be that of a component part of the Khedive's forces, although there is misconception regarding the matter. The red coats are in Egypt on liberal financial terms, for Egypt pays only the difference between the cost of home and foreign service. This is about \$435,000

a year. The British Government's share is about \$1,250,000 annually. There can be no monetary loss to the country in which they are quartered, for most of the soldiers spend all their pay, England's and Egypt's money as well. How long the arrangement is to be maintained is a problem which, like the fine distinctions between "occupation" and "protection," can only be treated by one writing of political Egypt.

To carry on the government requires about \$50,000,000 a year. It was more in times when budget-making was the merest guesswork, and deficiencies could be explained by the convenient phrase "insufficiency of receipts." The Budget of the current year allows expenditures of \$48,000,000, and is based upon receipts of \$51,300,000. Any balance will be divided equally between the governmental sinking fund and a reduction of the debt. The heaviest outlay is for interest on foreign indebtedness, \$18,854,185, while the annual tribute to the Sultan consumes \$3,325,205 more. The Khedive, khedivial family, and palace expenses coming under the head of "Civil List," call for \$1,169,305. To maintain the army and military police costs \$2,381,085, and civil and military pensions \$2,150,000 more.

Direct taxation on land, date trees, etc., produces \$25,000,000, the balance of revenue being made up by "indirect taxes"—customs receipts (eight per cent. on imports and one per cent. on exports), profit from the salt monopoly, stamp duties, receipts from railways, post offices, telegraphs, ports and courts of justice.

A reform of the greatest importance now in progress, is the adjustment of inequalities in the land tax, the present scheme being full of anomalies. It is not unusual to find land rented at \$30 and \$35 per acre paying only \$2.50 in taxes. In olden times there was no rule for its collection, and the collector went prepared to take from the farmer every penny his crops had produced, and then flog him into borrowing on mortgage any additional sum his rapacious master felt in need of. There was no pretense of fairness, and not until Tewfik's reign was a receipt of any kind given the peasant to show he had paid his taxes and that no more was due for the current year. Simple as it was, nothing more potent for alleviating the position of the masses was ever inaugurated. It was a reform that benefited every tiller of the soil, and was operative before "the coming of the English."

The scheme of taxation now in force is arbitrary and inequitable. A definite tax is specified for large tracts, which some of the land only is capable of paying. The work in hand is to base this schedule upon rental values, that each acre may be assessed commensurately with its producing capacity. The country is promised that the total tax—\$23,900,000 on the 5,237,200 acres of cultivated soil—is not to be increased. This means that the small holder is to pay less per acre, and the pasha landlord, once powerful enough to have his thousands of acres assessed at whatever he chose, will pay more proportionately. The glaring inequalities had been brought into prominence by the low prices of crops, and it had become imperative to devise a remedy.

It will surprise American farmers to know that their brethren in ancient Egypt, some of them, pay a land tax of \$8.20 per acre annually, and that the average tax for the country is \$4.56 per acre. This maximum tax is on lands in the Delta, possessing such exceptional richness that five hundredweight or more of cotton per acre is produced each year with comparative certainty.

The land tax has ever been the millstone about the neck of the Egyptian, sapping his energies and stunting his intellectual growth. The ancestors of the peasant now toiling from long before sunrise until after sunset, nearly every day in the year, have been farmers since the world began. What has their incessant toil produced? Nile farmers have ever been wretchedly poor, certainly.

To day's prosperity of the fellah, permitting him to have a few dollars after harvesting, to eat meat occasionally, and seek recreation at religious fairs, is of recent origin and slow growth. It began with the introduction of tax receipts, and has been nurtured at intervals by trifling reductions in taxation, as the area has been added to by irrigation at a rate in excess of the government's pecuniary needs.

Being humanely treated, the Egyptian to-day realizes that he is a human being, and it is the opinion of those capable of judging, that more has been done in the last fifteen years for him than ever before in a century. Tewfik Pasha inaugurated the good work, and the administration, headed by Abbas Pasha, is carrying it forward with intelligent perseverance.

The country's obligations to European creditors are sufficiently menacing to compel the small farmer to keep out of the

clutches of the money-lender at his gates, if he can. Nevertheless, the indebtedness secured by farm mortgages is greater than it should be, and critics allege this as certain proof that the boasted prosperity of the country is fictitious, and exhibit statistics to coincide with their argument. Critics of another sort array figures calculated to show that the aggregate mortgage indebtedness is very small, less than \$40,000,000, and that it is the large holders—owning from fifty acres upwards—who have pledged their property; and, further, that they have done this to buy more land, confident of an appreciation of values. It is a fact that the proportion of small holders borrowing by mortgage is trifling, and they are the people whose welfare first deserves consideration.

It is claimed that less than nine per cent. of the land bears mortgages, the aggregate indebtedness amounting to \$8 an acre. An average value of the cultivated soil is thought to be \$115 an acre.

Readers of mathematical mind, discovering that the foreign indebtedness represents definitely \$97.17 on every acre of productive soil, and adding the \$8 of home burden (probably understated), find that but little equity remains to the Egyptian, who for more than seven thousand years has been the most industrious and light-hearted of husbandmen. Simply speaking, it means an equity of only \$10 an acre; or, each inhabitant averaging three-quarters of an acre of productive earth, a remaining "margin" of \$7.50 per person. And his energy must not flag for generations to come, lest his fellow-creature in enlightened Europe be in arrears over his interest on "Egyptians." Blessed be Allah!

Egypt presents a striking example of a Mussulman country possessing a system of laws harmonizing with European and Western world civilization. Its international tribunals are unparalleled in the great domain of civil law, yet comparatively little seems to be known of them outside the Levant.

The "capitulations," or treaties, between the Christian powers and the Ottoman Empire regulating the privileges of foreigners within the Turkish dominions, some of which are many centuries old, occasioned so much confusion of jurisdiction in Egypt, where so many Christian nation-lities were represented, that Nubar Pasha called the attention of Ismail to the necessity for some reform, and himself drew up a project which was communicated to all the governments having representatives in Egypt.

As a result an International Commission assembled in 1869, under the presidency of Nubar, who was Minister of Foreign Affairs, and united in a report recommending the scheme. This was signed by the representatives of the United States, Austria, Germany, England, France, Russia and Italy. At subsequent conventions Belgium, Spain, Holland, Greece, Portugal, Denmark and Sweden-Norway approved the plan. On June 28th, 1875, Khedive Ismaïl inaugurated the Court at Alexandria, although it was not until February 1st, 1876, that the new system of jurisprudence was actually launched.

The procedure is practically that of France, the Code Napoleon, modified to suit the circumstances of a country where local custom and religious obligations must be respected. The jurisdiction is stated in this extract from the Code itself :

“The new tribunals shall have cognizance of all controversies in matters civil or commercial between natives and foreigners, or between foreigners of different nationalities. Apart from questions touching the *statut personnel* (questions of wills, succession, heirship and the like, which are regulated by the laws of the country of the individual), they shall have cognizance of all questions touching real estate between all persons, even though they belong to the same (foreign) nationality.”

It is of good augury for the national progress that the Tribunals have won the confidence of both natives and foreigners, and that the government bows to their authority. Europe needed no better proof of their efficacy than when Ismaïl and the government itself were brought before the Court of Appeal as defendants, having failed to meet obligations to foreign creditors.

An idea of the work of the Tribunals is given in the statistics of their labors from February 1, 1876, to October 31, 1894, showing that 135,555 suits had been instituted, and 130,449 terminated by decision. Thousands of suits have been concluded without decision—by arbitration or withdrawal. In addition to final decrees, many thousands of intermediate judgments and decrees have been pronounced ; and all have to be written out, not only as to terms, but motives justifying the conclusion of the court also.

The practice is common for a native having an important suit to assign his interest to a foreign friend, to give the International Courts jurisdiction of his cause, thus securing intelligent and fair consideration. Two years since, when some of the powers were dilatory in giving their adhesion to the extension of the

courts—for every five years there is a formal renewal—something like a panic occurred among the commercial community.

Courts of First Instance are located at Cairo, Alexandria and Mansourah, and the Court of Appeal is at Alexandria. The minimum pecuniary limit of appeal is \$400. Three languages are recognized in pleadings and documents—French, Italian and Arabic. The foreign counsellors of the appellate court, nine in number, receive a yearly salary of \$9,250 each, and their four native colleagues half as much. For the three lower courts twenty-seven foreign judges are employed, each receiving a salary of \$7,000, their fourteen native coadjutors receiving half as much. Five judges—three foreign and two native—sit at a time. The United States, like other great powers, have one representative in the upper, and two in the lower courts. While the Tribunals were not intended to be profit-earners, their receipts for years have been considerably in excess of expenses.

England's participation in the affairs of Egypt has not been felt in the Mixed Courts, where the English language and law are unknown. It is claimed there has never been occasion for British influence to show itself, the institution being strictly international, with thirteen other nations watchful of their rights. Consular courts still have criminal jurisdiction, in accordance with the original "capitulations" of the Sublime Porte.

The lay investigator meets many obstacles in an attempt to understand the procedure of the Native Tribunals, of which there are seven at populous points, with a Court of Appeal at Cairo, and many summary courts. Almost every variety of law is dealt in—organic, Koranic, usage, etc. Nearly 32,000 cases were decided last year in these courts.

It is the veriest fiction of thought that the Egyptian himself is being Europeanized, as one learning of the Egyptian administrative policy might infer. He is being superficially modernized only, which he does not object to so long as his beloved religion is not molested. At heart he is as unchangeable as the sphinx, and Islamism must ever dwell on the banks of the Nile.

FREDERIC COURTLAND PENFIELD.